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Office Memorandum • UNITED STATES GOVERNMENT

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TO :

CIA Representative JIG

DATE:

FROM : Assistant Director, Reports and Estimates

SUBJECT: Clarification of IM-214

1. In response to your telephone request of 26 August, the following points in clarification of IM-214 are presented:

Para. 51 CIA stands on its figures, which are corroborated by the Department of Agriculture. Prewar production of the three grains is estimated at 30,470,000 M.T. (average 1935-39). Production in 1948 is estimated at 21,599,000 M.T.

Para. 56 CIA and State appear to be in substantial agreement as to 1949 output, and that it is being achieved by longer-hour use and possible overloading of equipment. If this practice is continued indefinitely, it will, of course, have a detrimental effect on power plant equipment. CIA, like State, declines to offer estimates of installed capacity for the postwar years, and agrees that plant installations are somewhat less than expected, but not necessarily "seriously behind schedule." It is fully recognized that the Plan goal of 22.4 million kw of plant capacity meant a 100 percent increase during the five-year period, a great achievement if accomplished. Even if it were missed by as much as 15 percent, it would still be possible to attain the output goal by overloading and longer-hour use.

Para. 63 CIA agrees that the statements in this paragraph as originally set forth appear contradictory, and would change the last sentence to read: "Nickel deficiency probably could be made up by the Soviet Union if production requiring this metal were deemed of sufficient importance to the USSR."

CIA believes that the State reference to manganese is meant to cover ferro-manganese, for Hungary, as well as Yugoslavia, has sizeable deposits of manganese ore.

Para. 68 State Department's assumption is correct; the figure 80,000 M.T. represents metal content; i.e., refined lead.

Para. 73 CIA has indicated 3,650,000 M.T. production capacity, and notes further that the application of a factor of 75 percent to take care of seasonal operations yields a production figure of approximately 2,730,000 M.T., with which State agrees.

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CIA has been advised by the National Fertilizer Association that superphosphate plants operate about 75 percent of the time due to the fact that it is impossible to store the large tonnages of fertilizer produced. Fertilizer is a seasonal material. However, it must be borne in mind that if the material can be moved from the producing plants and not stockpiled during the off season, the plants still have the capability of producing the 3,650,000 metric tons given in the report.

In addition, CIA's estimate of production capacity is based upon plant capabilities of the sulfuric acid plants producing such fertilizer and represents only phosphate production. We have no data giving the breakdown in percentages of ammonium sulfate, ammonium nitrate, calcium nitrate and calcium nitrophosphate at the various plants.

THEODORE BABBITT

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